

**GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT**

Industrial Promotion – Enhancement of Investment Limit to Rs.350 Crs for availing 100% Gross VAT & CST / SGST reimbursement for a period of 10 years by M/s. Mahindra & Mahindra Ltd for their proposed Tractor manufacturing facility at Zaheerabad, Medak District under Industrial Investment Promotion Policy (IIPP) 2010-15 - Issue of Revised Orders - Issued.

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**INDUSTRIES & COMMERCE (IP) DEPARTMENT**

**G.O.Ms.No. 14**

**Dated:10 -01-2012**

Read the following:

1. G.O.Ms.No.26, Inds. & Com Dept., dated: 23.03.2011
2. From the M/s. Mahindra & Mahindra Ltd. Letter dated:22/09/2011.
3. The State Investment Promotion Committee (SIPC) Meeting held on 27-12-2011.
4. The State Investment Promotion Board (SIPB) Meeting held on 31-12-2011.

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**ORDER:-**

M/s. Mahindra & Mahindra Ltd. proposed to set up a Tractor manufacturing facility at Zaheerabad, Medak District with a an investment of Rs.276.00 Crores over a period of 5 years with a minimum investment of Rs.250.00 Crores. The company has requested for 100% gross VAT & CST / SGST reimbursement for a period of 10 years or equivalent to investment made in the project.

2. The issue was placed the State Investment Promotion Board meeting held on 23-2-2011, and decided to extend the following benefits to the company

(1)100% Gross VAT & CST / SGST reimbursement for a period of 10 years from the date of commencement of commercial production or upto realization of Rs.276 Crores, whichever is earlier. These special incentives will be applicable to the company only after achieving Mega Project Status by investing Rs. 250 Crore and above as per the IIPP 2010-15 Policy.

(2)All other incentives as per IIPP 2010-15 Policy

(3)With regard to supply of 1.25 MLD water, the Hon'ble Minister for Major Industries informed that 2 MLD of water from Singoore Project has already been allocated for Industrial purpose and the demand of the Company can be met from the same.

3 Accordingly, Government have issued GO in the reference 1<sup>st</sup> read above extending the above benefits to M/s. Mahindra & Mahindra Ltd.

4. M/s. Mahindra & Mahindra Ltd in the reference 2<sup>nd</sup> read above again represented to Government informing that they have upgraded the project to

**Contnd..2**

1,00,000 tractors per annum against the original capacity of 80,000 tractors per annum and the project cost has gone upto Rs. 350 crores as the detail given below:

Description	Capital Investment Planned (Rs. crores )				
	2011	2012	2013	2014	Total
Land Development and Building	100	30	13	0	143
Plant Equipment & Utility facilities	175	20	12	0	207
<b>Grand Total</b>	<b>275</b>	<b>50</b>	<b>25</b>	<b>0</b>	<b>350</b>

5. In view of the above, the company has requested for the following benefits

- (i) To issue revised G.O. duly increasing the limit of reimbursement of 100% gross VAT & CST / SGST granted by the SIPB for 10 years, from Rs.276 Crs to Rs. 350 Crs keeping in view of increased project cost.
- (ii) To provide water @ Rs15/- per KL as agreed during the review meeting held with Minister for Major Industries on 16.09.2010 instead of Rs.36/- per KL indicated by the Municipality

6. Accordingly, the proposal was placed in the SIPC & Empowered Committee meeting held on 27-12-2011 and the decision of the Committee is as indicated below

- (1) Recommended for 100% Gross VAT & CST / SGST reimbursement for a period of 10 years from the date of commencement of commercial production or upto realization of Rs.350 Crores, whichever is earlier.
- (2) MA&UD Department has not agreed to reduce the water cost from Rs.36/- per KL to Rs. 15 per KL as requested by the company and the SIPC decided to place the matter before SIPB.

7 In the reference 4th read above, the State Investment Promotion Board (SIPB) in its meeting held on 31-12-2011 discussed the proposal in detail and decided to extend the following incentives.

100% Gross VAT & CST reimbursement for a period of 10 years from the date of commencement of commercial production or up to realization of the enhanced investment of Rs.350 Crores, whichever is earlier.

8. The Government after careful examination of the proposal and keeping in view the decision of the State Investment Promotion Board (SIPB), hereby extend the following incentives to M/s. Mahindra & Mahindra Ltd under Industrial Investment Promotion Policy (IIPP) 2010-15, as a mega project.

Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of commencement of commercial production or up to realization

**Contnd..3**

Of the enhanced investment of Rs.350 Crores, whichever is earlier.

9. The industry shall provide atleast 80% of employment to the candidate's belonging to Andhra Pradesh State for becoming eligible to the above incentives.

10. The Commissioner of Industries is requested to take further necessary action.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**T.S. APPA RAO,  
PRINCIPAL SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad

M/s. Mahindra & Mahindra Ltd .through the Commissioner of Industries, A.P.  
Hyderabad.

The District Collector, Medak District.

Copy to

The Accountant General, Andhra Pradesh, Hyderabad

The Finance (Exp. I&C) Department. / The Energy Department.

The Chairman & Managing Director, APIIC, Hyderabad

The Irrigation & CAD (Reforms) Dept. /The Revenue (CT) Department.

The Commissioner of Commercial Taxes, Hyderabad

The Chairman & Managing Director, APTRANSCO., Hyderabad

The Managing Director, APCPDC Ltd., Hyderabad

The GM, DIC, Medak District through the Commissioner of Industries, A.P.  
Hyderabad.

P.S. to Minister (Major Industries)/ P.S. to Spl. Chief Secretary, Rev. Dept./P.S.  
to Prl. Secy. to

Govt., Rev.(CT) Dept./P.S. to Prl. Secy. to CM/P.S. to Prl.Secy. (Irrigation)  
Dept./P.S. to

Spl.CS, Energy Dept./P.S. to Prl. Secy. & CIP/

P.S. to Secretary to Govt. (Legal Affairs).

SC/SF

//Forwarded::By::Order//

**SECTION OFFICER**